



**ROY COOPER  
ATTORNEY GENERAL**

**State of North Carolina**  
**Department of Justice**  
**9001 Mail Service Center**  
**Raleigh, N.C. 27699-9001**

**Consumer Protection**  
**(919) 716-6000**  
**1-877-566-7226**  
**Fax (919) 716-0048**

## **SOME FRAUDS, SCAMS AND QUESTIONABLE BUSINESS PRACTICES CURRENTLY TARGETING OUR SENIORS**

**NOVEMBER 2006**

### **I. TELEPHONE FRAUD**

#### **INTERNATIONAL LOTTERIES (Vancouver, Toronto; Costa Rica, Jamaica)**

Callers claim they will enroll you in the best overseas lottery opportunity each week. Your credit card or checking account will be charged regularly for this service. The scammers will pay out small sums from time to time just to keep you interested. They may collect \$10-100/week from you for months. Occasionally, they offer you a special opportunity on a "sure bet" lottery package for only \$5000-10,000. They are not enrolling you in any lotteries. (See also, "Lottery Mailings" and "Counterfeit Checks," below.)

#### **CALIFORNIA SWEEPSTAKES (California)**

(Targets lower income seniors) Callers advise that you have won a sweepstakes in California. They request your bank account numbers to ensure payment of California taxes on the award after you receive it. Your bank account is debited \$200 to \$400 the following day. Unauthorized debits may occur several more times during the ensuing weeks.

#### **GRANDMA/GRAMPA, IT'S ME! (Brooklyn, New York)**

Very elderly citizens are being targeted by young callers who begin the conversation with the exclamation, "Grandmother, it's me! Don't you know who this is?" If the targeted senior volunteers the name of a grandchild or great-grandchild, the caller adopts that name and then pretends to be in trouble and in need of assistance. The caller begs the elderly person not to tell the caller's supposed parents, because the predicament is embarrassing. He or she will send a friend to the elderly person's house to pick up cash or a check in order to help resolve the predicament. Typical loss: \$200-2000.

\*(Source: NC Attorney General Roy Cooper's Telemarketing Fraud Prevention Project, US Dept. of Justice Grant # BJA 1999-LS-VX-0004, and Grant # 2003-DD-BX-0318, Tel. 919-716-6000)

### **CREDIT CARD OR IDENTITY THEFT INSURANCE (Florida, Arizona, Quebec)**

Callers claim they will protect you from identity theft and from thieves who might steal your credit card numbers using the Internet and then run up huge debts in your name. They state that you could be liable for hundreds of thousands of dollars if you do not purchase this protection for \$200-\$600. Federal law already protects you from liability for such theft and misuse of your credit card numbers.

### **GUARANTEED GOVERNMENT GRANTS (Quebec, Florida, India)**

Callers tell consumers they appear to be qualified for a free, guaranteed government grant because of their age, their employment status or the area in which they live. They then ask a few questions, such as, "Have you ever been delinquent on your taxes or been convicted of a felony?" When the consumer replies in the negative, the caller tells the consumer he or she will definitely receive the grant. The caller then requests the consumer's bank account information so that the grant money can be deposited. Instead of putting money in, the scammer withdraws money from the consumer's account for "processing fees." Florida-based perpetrators of this scam often mail brochures on available government grant programs. The consumer must still apply for the programs and there is no guarantee he or she will be awarded a grant.

### **RECOVERED ASSETS (Quebec, Florida, California)**

Scammers mail postcards informing recipients that money or property in their names has been located. Recipients are urged to call a toll-free number for further details. Consumers who call are told that they need to provide important financial information, including checking account numbers, social security numbers and mothers' maiden names in order to have the money or property released. Consumers who do this have their checking accounts electronically debited, sometimes repeatedly. Even worse, their financial information is used to commit identity theft.

### **MEDICARE DISCOUNT DRUG CARDS (Quebec, Ontario, Costa Rica)**

Seniors are being called and offered Medicare drug discount cards with tremendous benefits, then asked to give their banking account numbers so their accounts can be debited. Consumers who do this either receive nothing in return or they receive a card that is not honored by pharmacies in their community. The scammers use their victims' checking account numbers to withdraw funds for items or services that have not been ordered.

### **PUBLIC HEALTH DEPARTMENT -- HEALTH CARE VOUCHER CALLS (India)**

Persistent and aggressive callers have been representing themselves as state or local public health officials. They call lower income citizens and claim that they have special health care vouchers for them. They request Social Security numbers and personal financial information, including bank account numbers. They debit the bank accounts

of those who comply. Those who refuse to give their information often are subjected to abusive comments and repeated calls.

### **PHONY BANK SECURITY OFFICER (Ontario, Quebec)**

As a follow-up to the two scams listed immediately above, the fraud artists call back, claim to be with the consumers' bank, and mention fraudulent charges made against the consumers' bank accounts during the earlier scams (which they or their associates perpetrated). After discussing the fraudulent charges for a few minutes, the fraud artists request the consumers' bank account numbers in order to return the improperly debited funds. They tape record the consumers' recitations of these numbers. Rather than crediting the consumers' accounts, they use the recordings for authorizations to make electronic debits to the consumers' bank accounts yet again. Debits are usually in the \$200 to \$400 range.

### **COUNTERFEIT CHECKS FROM LOTTERY & SWEEPSTAKES COMPANIES (British Columbia, Costa Rica)**

International Lottery scammers (first page) are now mailing consumers checks in amounts ranging from \$2000 to \$5000 dollars, and then calling from overseas to say that the consumers have won a million dollar lottery or sweepstakes prize in Canada, Australia or some other country. They say that the check was delivered to help the consumer cover certain administrative fees, taxes or insurance on the award, since U.S. law prohibits requiring contest winners to pay anything to collect a prize. They tell the consumer to deposit the check in his or her bank account, and then wire them a similar amount of money to cover the fees, insurance and taxes on the award. Several days later, after the consumer has wired the requested funds to the overseas scammers, the consumer's bank reports that the check has been dishonored because it is counterfeit.

### **"COLLECT CALL FROM THE PRIZE PATROL!" -- LOUIS WHITEHEAD, SWEEPSTAKES OFFICIAL (Metro Atlanta)**

Louis Whitehead is a name employed by a well-spoken fraud artist who calls from pay phones in or near the Atlanta Airport. He claims to be with the magazine sweepstakes promotion currently airing commercials on TV. He announces that you are the winner. Later he claims that the "prize patrol" will drive past your house and award the prize to someone else if you do not wire him \$600 to \$6000 to cover taxes on the prize. Calls from Mr. Whitehead often begin, "Collect Call from the Prize Patrol."

### **"FEDERAL CONSUMER PROTECTION AGENCY" (Costa Rica)**

Scammers claiming to be with a federal agency, sometimes the Federal Trade Commission, state that you have won millions of dollars in a major international sweepstakes, then tell you that you must wire \$2000 or more to a Lloyd's of London office in San Jose, Costa Rica in order to insure the award as it is being delivered.

### **BRITISH BOND SCAM (Quebec)**

The scammer calls and falsely claims that you have won a life-interest in a bond issued by a British bank. He states further that monthly income generated by the bond will come to \$2,000 to \$3,000. The caller says that the bond will be registered in Canada so that it cannot be taxed in the US. You must wire \$2500 to have it registered in your name.

### **MONTREAL BARRISTER/CANADIAN LOTTERY SCAM (Quebec)**

The caller claims to be an official with, or barrister representing, the Canadian Lottery. You have won second place prize in a large sweepstakes, \$300,000 to \$500,000, and must forward \$30,000 to cover Canadian taxes before prize can be released from the company's escrow or attorney trust account. If you pay, you will receive a "reload" call informing you that you have actually won first place and need to send more money.

### **CUSTOMS OFFICER (Quebec, Ontario, Costa Rica)**

Caller claims your prize is in his customs warehouse in New York. You must wire \$10,000 to \$30,000 to a "bonded customs agent" to cover customs duties before the prize can be released. A recording of such a call can be heard by dialing the Attorney General's Automated Information Line, 919-716-6001, and selecting option #3

### **IRS AGENT**

The same people who run the fraudulent scheme described in the preceding paragraph will call back after receiving payment, this time claiming to be IRS agents in a nearby city. They contend that U.S. income taxes must be paid on the prize or else they will have to send it back. They ask you to wire them several thousand dollars to pay the taxes.

### **"YOUR PHONE/POWER/GAS SERVICE WILL BE DISCONNECTED" (Local)**

Scammers posing as representatives of utility companies call and claim that your payments are past-due and that service will be disconnected if you do not pay immediately. They request and obtain your bank account numbers or your credit card numbers, then make withdrawals from your accounts. They do not represent the utility company. In some variations of this scam, they ask you wire money to a distant city in order to avoid interruption of service.

### **BANK OF MONTREAL CHECK SCAM (Quebec)**

Unannounced and via overnight courier, you receive a check for \$500,000 drawn on the account of a Canadian corporation together with a cover letter stating you have won a major prize and need to deposit the check with your bank right away. Your bank might even tell you that it appears to be drawn on a valid account. Later that day, you receive

a call informing you that a mistake has been made, that taxes were not deducted from the check, and that a stop payment order will have to be placed if you do not wire \$20,000 to \$30,000 immediately. Days after you wire the money out of the country, your local bank informs you the large check was dishonored because it was counterfeit.

### **“GO BACK TO WESTERN UNION/MONEYGRAM” (Quebec, Jamaica)**

As a “reload” to many of the scams listed above, the caller will claim that your money was never received, that you need to send another payment, and that Western Union or MoneyGram (depending on which wire service you used) will issue a refund for the first wire transmission attempt once the caller sends you a letter. A variation of this involves a follow-up call in which the scammer, who picked up your money the day before, claims, “The prize we asked you to pay taxes on yesterday was a second place prize, but we now realize that you came in first place! Please send us a second wire payment in the same amount as yesterday to cover the taxes on the much larger sweepstakes award.”

### **RECEIVER/BOGUS ATTORNEY SCAM (Quebec, Ontario)**

A caller who knows about your earlier losses asserts that your earlier payments and your winnings have been seized from a crooked sweepstakes company pursuant to a court order. He claims to be an attorney or court appointed receiver. He says you can still receive your winnings if you pay taxes again, and/or the attorney’s retainer fee, usually \$10,000 to \$30,000.

### **WAL-MART STORE VOUCHER SCAM (California, w/ call centers in India)**

Scammers are now claiming that they represent Wal-Mart or some other major retailer. They state that you have been selected to receive special store vouchers worth \$495 as part of a nationwide promotion. They request your bank account numbers so they can withdraw \$4.95 from your checking account to cover the costs of delivering the voucher. If you provide the numbers, your checking account will be electronically debited in the amount of \$495, sometimes more than once. No voucher is ever delivered.

## **II. HOME REPAIR FRAUD TARGETING THE VERY ELDERLY**

### **“FALLING CHIMNEY”**

A contractor approaches and claims that the home owner’s chimney is separating from the house and might fall on the neighbor’s house or yard. He offers to secure it. He and his crew simply place a useless metal strap around the perfectly sound chimney. They charge \$800 to \$2000.

### **“My Leg Went Through Your Roof, Sir!”**

A man offers to clean gutters for a small fee. After he is finished, he pulls pieces of rotten wood out of his pocket and presents them. He claims that the entire roof is rotting and needs replacing. Usually he says, “My leg went completely through it.” He says he can have a crew there in minutes to repair the roof. The rotten wood is from the woods nearby. The crew comes and lays new shingles over a perfectly sound roof. They demand \$7000 to \$8000.

### **MEALY WORM SCAM**

The same crew may present a bag full of mealy worms, claim that the worms are consuming the wood in your attic, then recommend that you allow them to spray the attic. The worms, commonly used to feed certain small pets, were purchased at a pet store that morning. The “spray” used by the crew is a concoction of water, kerosene and other smelly substances. Usual charge: \$1000 to \$3000.

### **ATTIC BRACING SCAM**

The repair crew falsely reports that the repairs to the roof appear to have weakened the rafters in the attic. They offer to brace them up so the roof will not collapse. They hammer two-by-four studs between the rafters and the floor of the attic, then charge \$100 for each of these “braces.” The braces, often called “stiff knees,” are not only unnecessary, they can cause damage to the ceilings of rooms below during periods of high wind or heavy snow.

### **TOILET BOWL SCAM**

A member of the crew asks permission to use the bathroom. While inside the bathroom, he pours water on the floor around the base of the toilet. He tells the home owner that the toilet has been leaking and might have rotted the wooden sub-floor. After inspecting the crawl space, he informs the home owner that the bathroom floor is rotten, is dangerous and must be replaced. Eventually his crew will charge several thousand dollars for hanging out in the crawl space and pretending to fix the floor, which is perfectly sound.

### **FLOOR JACK SCAM**

Crew chief points out that the living room floor vibrates when his largest crewman walks across it. He asks to inspect the floor from below. He emerges from the crawl space or basement and announces that the floor may collapse and needs bracing with heavy jacks. The crew installs several \$35 metal “screw jacks” from Lowe’s or Home Depot beneath a completely sound floor. The home owner is charged \$500 for each jack installed.

## **INSPECTOR SCAM**

After the home owner has been scammed several times, the con artists may send someone to the home pretending to be the quality control inspector. The inspector claims that all of repairs listed above were performed incorrectly and need to be re-done before the local building inspector finds out and condemns the home. He promises to help the home owner sue the scammers and recoup his or her money later. He secures permission and funds to do the above "repairs" again.

## **DRIVEWAY PAVING SCAM**

Itinerant contractors who strike a victim once and move on quickly, unlike the fraud artists described above perform this scam. They approach an elderly home owner, state that they have been paving another driveway in the neighborhood, claim that they have unused paving material, and offer what they claim is an excellent deal on paving the elderly home owner's driveway. The driveway is then coated with an oily substance or a very thin layer of asphalt. The new surface of the driveway crumbles or washes away after a few days. The payment typically demanded ranges from \$3000 to \$6000.

## **"YOU HAVEN'T PAID US!"**

Some of the fraud artists described in the immediately preceding paragraph also like to confront very elderly home owners and angrily demand several thousand dollars for work they supposedly performed several months earlier. Threats of lawsuits, property liens or worse may be conveyed to these very frail home owners. Money is obtained for work that never was performed. Many times the fraud artists do this without being threatening or confrontational if they perceive that the elderly home owner has short-term memory problems. ("Sir, don't you remember telling me to come back today to get paid?"

## **"YOUR HOUSE DOES NOT MEET CODE"**

Home repair con men are telling seniors living in older homes that features of their homes do not meet current building codes. They recommend expensive remodeling so the houses will not "fail." Older homes are not required to meet contemporary construction codes. Construction code officials do not make unsolicited visits to inspect existing, owner-occupied homes to determine whether they meet current construction code standards.

## **FROZEN PIPES SCAM**

During winter months, fraud artists sometimes approach elderly home owners and report to them that the pipes under their homes appear to be frozen. They claim there will be flooding and structural damage to the home if the pipes are not repaired before they thaw. The pipes are not frozen. The con artists pretend to repair the pipes under house, then collect \$1000 or more.

### **III. PREDATORY MORTGAGE LENDING PRACTICES**

Mortgage lenders offer loans to elderly home owners whose original mortgage loans have been paid off. Loans may be for consolidation of other debts, helping grandchildren go to college, home improvements, etc. Some loans may feature high interest rates and multiple expensive fees for things like credit life or disability insurance, brokerage commissions, “points” and origination costs, etc., all of which are financed as part of the loan. Loan terms may include a “balloon payment” after a few years whereby the entire mortgage loan becomes due and payable. The same lenders may offer to refinance the mortgage loan a few months after it is signed, claiming this will make payments easier for the elderly home owners. The cycle begins again with the same up-front fees being charged and financed. This may happen several times. Fees for insurance on the earlier 30-year loans may not be refunded or rebated. The end result is that the home owners quickly lose most of the equity in their homes (“equity stripping”) while continuing to pay high payments for what originally might have been a modest mortgage loan.

### **IV. OTHER FRAUDS AND SCAMS**

#### **SWEEPSTAKES MAILINGS**

Many major firms have been accused in recent years of creating the false impression that participants in their sweepstakes programs must purchase their products in order to qualify for a prize. Some also have been accused of creating the impression that making more purchases will increase a participant’s chances of winning. Some have been accused of giving individual seniors the impression that the contest is down to them and only a few other contestants. These impressions allegedly have been conveyed by carefully scripted mailings supplemented by expensive TV ad campaigns showing happy winners. Many elderly participants have spent thousands upon thousands of dollars apiece repeatedly purchasing the same products or magazine subscriptions, all in hopes of increasing their chances of securing the multi-million dollar prize. By law, sweepstakes cannot require you to make a purchase in order to enter. Nor can purchasing increase your chances of winning a lawful sweepstakes.

#### **HEALTH RELATED FRAUDS AND SCAMS**

Seniors have been targeted with innumerable misrepresentations about miracle cures and treatments for age spots, arthritis, hearing loss, obesity, vision problems and other physical maladies. Money-back guarantees are common features of these pitches that cause consumers to suspend their skepticism. Terms of the guarantees usually include a requirement that the customer try the product or service for at least four months. The companies often disappear during this period. In addition, most credit card banks will not allow charge-backs for customer dissatisfaction after this amount of time.



## **OVERSEAS MONEY TRANSFERS (“NIGERIAN-419 MONEY TRANSFER SCAMS”)**

Via fax, email or regular mail, you receive an impassioned plea from an individual purporting to be living in a third world country. The stranger claims to be a former high government official, perhaps the family member of a former dictator, seeking to transfer several millions of dollars to the U.S. The scammer offers a 25% commission for the use of your U.S. bank account to effect the transfer. He or she will request absolute secrecy and suggest the funds may not have been obtained legitimately. This is a ploy to secure the numbers of your bank accounts and drain them of funds. The fraud artists may also seek several thousand dollars from you, supposedly to bribe a foreign government official who is blocking transfer of the millions into your accounts. Recent variations of this old scam include representations that the money that is being smuggled out of the Third World country is slated for orphans or a religious ministry.

### **“YOUR DISTANT RELATIVE HAS DIED IN OUR COUNTRY”**

A variation on the preceding scam involves a message that a distant relative of yours died in a foreign country years ago leaving an estate worth millions of dollars. The scammers claim that you appear to be the sole heir of this person, and that the estate needs to be wrapped up quickly or it will not be forfeited to the government. You are repeatedly asked to wire funds to that country, first to help pay estate administration costs, then to pay taxes, then to pay bribes to crooked officials blocking the transaction, then to pay insurance, etc.

## **COUNTERFEIT CHECK SCAMS (Nigeria, Great Britain, Canada, Costa Rica)**

This is a variation of the overseas money transfer scam and the sweepstakes scams. The money transfer scammers write, call or email the target and claim that they have received a check for several thousand dollars that they cannot cash in their own country. They ask for the target's help in cashing it. They endorse and send the check to the target and ask him or her to deposit it, then immediately wire transfer to them 80% of the face amount of the check. The target is assured he or she can keep the balance of 20%. The check appears to be from a U.S. car dealership, a computer company or some other legitimate enterprise, and it will bear a valid account number for that enterprise. Days after the target has wired the 80% overseas, his or her bank reports that the check is counterfeit and will not be honored. Montreal telephone fraud artists employ this tactic as well. (See “Bank of Montreal Scam,” above.)

### **“SECRET SHOPPER” SCAM**

Fraud artists promise over the phone or over the internet to make you a “secret shopper,” someone who receives compensation for doing business with a company and evaluating its performance. They mail you detailed instructions on how to test the Western Union or MoneyGram wire transfer system. They send a check for several thousand dollars as well. You are told to deposit the check into your bank account, wire

90% of the funds to a person located overseas, and then immediately fill out an on-line questionnaire about your experiences in sending the money. Days after you deposit the check and wired the funds overseas, your bank informs you that the check was counterfeit and that your account has been debited in the amount of the check.

### **WOMAN IN DISTRESS AT THE FRONT DOOR**

Female members of some itinerant home repair fraud groups are known to have come to the doors of elderly North Carolina home owners claiming that one of them is about to have a child and otherwise needs assistance. They ask to come inside and use the telephone. While one is on the telephone pretending to call for help, the other one, who pretends to be in distress, asks to use the bathroom. Instead of using the bathroom, she steals money, credit cards, jewelry and other small valuables. Then a male member of the group shows up at the curb and drives them away.

### **SWEETHEART SCAMS**

Members of these same itinerant groups, as well as other opportunistic individuals, may befriend an elderly widow or widower and eventually pretend to be in love with them. The immediate goal is to secure gifts and loans from the targeted seniors. The ultimate goal is to secure control of the senior's estate or financial affairs and divert assets to themselves. The "sweethearts" may accomplish this by convincing the elderly targets to grant them general power of attorney or to make them the primary beneficiaries under their wills.

### **CLERGYMAN SCAMS AND OTHER SCAMS OF OPPORTUNITY**

Some clergy members have been accused of exploiting their status and the affections and religious sentiments of very elderly people in order to gain control over their finances. So have some law enforcement officers. A tree service man with no financial training recently obtained a northeastern North Carolina woman's property by convincing her he could manage it profitably. Often these scams are effected by getting the victim to grant the con artist a general power of attorney.

### **PROMISSORY NOTE SCAMS**

At seminars in local restaurants or hotels, promissory notes issued by obscure companies are being marketed as investments. They purportedly offer interest rates much higher than the returns on bonds or other investments. The notes and the interest payments supposedly are secured by an insurance policy. The notes may be for a failing company and the insurance policy may be worthless to investors.

## **PHONY GOVERNMENT HOUSING RENOVATION AGENT; ENERGY SAVINGS AGENT**

Criminals pretend to be government officials who will help seniors with low cost home renovation or energy savings projects. They request entry into their homes to take necessary measurements. While measuring rooms and windows inside the home, they pocket valuable items or “case” the location for larger valuables (e.g., antique furniture) that can be stolen while the home owner is away.

## **UTILITY COMPANY CUT-OFF NOTICE SCAM**

North Carolina seniors recently have received visits from individuals claiming to be with the water, gas or electric company. The visitors claim that the utilities bill is past due and that they have been sent to disconnect service. They solicit the senior's check, credit card number or checking account numbers so they can obtain payment of the bill and late charges immediately rather than carrying out the disconnection. They will, of course, accept cash.

## **PHONY POLICE DETECTIVES**

Scammers are pretending to be detectives on the hunt for criminals or escaped prisoners. They knock on the door of their intended target and tell them the suspect had mentioned the target's name and address to others who are now in custody. They ask to look around the target's house or apartment. While one “detective” distracts the target, the other steals valuables from the other rooms.

## **PAYPHONE LEASING SCHEMES**

Hundreds of North Carolina seniors lost millions of dollars in recent years after an insurance agent allegedly convinced them to invest in payphone leasing contracts in order to secure a steady income stream. The contracts called for the investors to purchase payphones for several thousand dollars apiece. The leasing company that sold the phones supposedly would lease them back, place them in locations throughout the southeast, service them, and make lease payments after deducting their expenses. Cellular telephones have reduced income from pay phones considerably, so most of the money collected in these leasing schemes went only to the people who sold the phones and leased them back from the victims.

## **MEDICAL INSURANCE “GAP” POLICIES**

Seniors whose medical bills are well covered by a combination of Medicare, Medicaid, retirement health plans or other insurance are being signed up for unnecessary health insurance policies that supposedly cover only those items and charges not covered by the other policies. This “gap” insurance comes with several limitations, deductibles and

exclusions which make them of little value to the consumer, yet they result in large debits to the consumers' bank accounts each month.

### **“FREE PRESCRIPTION MEDS”**

Consumers are receiving letters and other messages telling them they can obtain “all their prescription medicines for free, guaranteed!” After consumers pay the requested fee set forth in the messages, they receive application forms for pharmaceutical companies' free prescription drug assistance programs. Admission into these programs is not automatic and consumers' applications often are rejected.

### **WORK-AT-HOME SCAMS**

Seniors and others struggling to make ends meet may fall prey to road signs, classified ads or mailings offering money for working at home. They are encouraged to pay several hundred dollars to obtain necessary materials so they can get started. The “work” may be stuffing envelopes with mailings inviting others to make money at home. Or it might involve painting or assembling simple items and then returning them for approval and payment. Approval and payment are seldom granted.

### **IDENTITY THEFT**

Identity thieves target seniors heavily, often because they have substantial savings, little debt, or real estate that is no longer subject to a mortgage. Many of the scams and frauds listed above are ploys for securing credit and checking account numbers and stealing from those accounts. In other transactions, identity thieves take over a target's identity completely. Elderly people have learned of attempts to sell their homes, farms and automobiles out from under them. Some have found that mortgages have been placed on their homes and money disbursed to scammers who used their names. Identity theft is the fastest growing scam in the US and has been the leading consumer complaint category of the Federal Trade Commission for the past several years. Always check all bills and account statements carefully for unusual charges and activities. Contact the bank or creditor immediately if you notice something suspicious. Check your credit report annually. Each of the three national credit reporting services must provide you with a free copy of your credit report once per year upon request. Contact the North Carolina Attorney General's Office (tel. 919-716-6000 or toll-free in NC: 1-877-566-7226) or the Federal Trade Commission (1-877-ID THEFT) for an Identity Theft Victim Kit if you find you have been victimized by this crime. File a police report with your local law enforcement agency if you are a victim, as this will help when you contact the credit reporting services and try to clean up your credit file.

### **TIMBER HARVESTING SCAMS**

Loggers who claim they will pay top dollar to harvest timber on their land are targeting older property owners in rural areas. They promise they will leave the land cleared of debris and brush once they are done. After they cut and remove the best timber, they

disappear without paying. The resulting debris and brush is not cleared and the ground is scarred and damaged by ruts from timber harvesting equipment. In a variation on this scam, the unscrupulous loggers deduct the supposed costs of clearing debris and re-grading the soil, leaving the property owner with a check for only a few hundred dollars.

## **V. OTHER TROUBLESOME OR DECEPTIVE BUSINESS PRACTICES**

### **UNAUTHORIZED CREDIT CARD CHARGES, “ADD-ONS”**

Seniors and others have been discovering unordered merchandise or services charged to their credit card accounts following a regular face-to-face or telephone purchase transactions. They find that the merchant or its affiliate has charged the account separately for a “credit card protection” plan, a discount buying service, or a travel program. Sometimes these charges have been inserted onto the account with absolutely no authorization or discussion by the customer. At other times, the merchant or telemarketer mentions the extra service or product to the customer almost in passing as he or she processes the regular transaction, then charges for the additional product or service without getting the customer’s clear consent. Always dispute these charges promptly with your credit card issuer and the merchant.

### **CHARITIES AND LAW ENFORCEMENT GROUPS**

**PROFESSIONAL CHARITABLE SOLICITORS** Many legitimate charities and fraternal groups utilize professional fundraisers to raise money for their operations. These professional fundraisers can take a significant percentage of the funds collected. The U.S. Supreme Court has declared that the solicitors do not have to disclose this arrangement or their commission structure to you unless you ask. Some telephone solicitors keep up to 90%, so feel free to ask.

**SOUND-ALIKE CHARITIES AND LAW ENFORCEMENT GROUPS** Many charity groups like to adopt names that resemble those of well-known charities. Others may adopt a name that sounds like an official law enforcement agency. Telephone solicitors like to use police-sounding names because they know people support law enforcement and may be intimidated by a call from someone who appears to be representing a police organization. Always check out such groups (and ask how much of your money will go to a professional solicitor) before contributing to them.

### **TIME-SHARE SELLERS, CAMPGROUND MEMBERSHIP SELLERS, LAND DEVELOPMENT SCHEMES**

Marketers of time-shares, campground memberships and resort property shares often try to convince seniors that purchasing their product will be a good investment and something they can leave to their children and grandchildren. Rather than leaving their children something that will appreciate in value, purchasers may leave their children

with something they do not want and cannot sell easily, and which will saddle them with years of expensive maintenance, homeowner and membership dues. Always avoid sales pressures to close such a deal and make a purchase immediately. Ask to take materials home for careful review. Review the materials with your adult children if leaving such property to them is a consideration for purchasing.

### **ANNUITY SALES AND ESTATE PLANNING SEMINARS**

Many estate planning seminars touted in newspaper ads and mailings are legitimate. Others do not deserve that status. Many of the questionable ones employ names that make them sound like non-profit organizations for seniors. In reality, the persons conducting the seminars may be insurance salesmen seeking to push unneeded insurance policies, annuities or “trust” programs. They may be members of the securities industry pushing a certain kind of investment. The risk is that their approaches to planning your estate may result in huge commissions for them and expensive problems for you or your heirs down the road. Many seniors are being told to liquidate their investments and their deposit accounts and invest, instead, in long-term deferred annuities by salesmen who employ scare tactics about stock market uncertainties or lengthy probate proceedings. Quite often such annuities are inappropriate investments for people in their upper seventies, eighties and nineties.